

THE ASSISTANT SECRETARY OF THE NAVY
(Research. Development and Acquisition)
WASHINGTON, D.C. 20350-1000

27 JUL 1994

MEMORANDUM FOR THE DISTRIBUTION LIST

Subj: NAVY IMPLEMENTATION OF DEPARTMENT OF DEFENSE POLICY ON
SPECIFICATIONS AND STANDARDS REFORM

Ref: (a) Secretary of Defense Policy memo of 29 Jun 94

Encl: (1) Department of Navy Standards Improvement Program Policy

It is the Department of the Navy's intent to fully implement the principles of the Department of Defense acquisition reform initiatives. The purpose of this memorandum is to provide initial guidance for the immediate implementation of the new Secretary of Defense policy promulgated by reference (a), regarding the use of specifications and standards by all Navy programs.

The provisions of this policy guidance are outlined in enclosure (1), and are effective immediately. The provisions apply to all acquisition category programs and automated information systems programs for new systems, major modifications, upgrades to current systems, non-developmental items, and commercial items. In order not to disrupt on-going solicitations or contract negotiations, exemptions to this guidance may be authorized by the Milestone Decision Authority for contracts scheduled to be awarded by 1 January 1995. Further amplification is provided by enclosure (1). Acquisition Strategy Reports and Acquisition Plans shall address compliance with this new policy guidance.

To direct and coordinate this policy within the Navy, Mr. Timothy Douglass will serve as the Department's Acquisition Reform/Standardization Improvement Executive. He will also assist me in developing a master plan of action and milestones for the Navy Standards Improvement Program within 60 days of this memorandum, establishing a budget for common program requirements and developing attendant training. Each Systems Commander is requested to identify their Command Standardization Improvement Executive within fifteen days to oversee the implementation of the guidance within the Systems Commands, appropriate Program Executive Officers, and Direct Reporting Program Managers, and to work with the Acquisition Reform/Standardization Improvement Executive in developing/implementing the Navy Standards Improvement Program.

This initial guidance will be amplified in follow-up memoranda reflecting lessons-learned in implementing this significant departure from past practices. It shall remain in effect until such guidance is amended or incorporated in updates to Secretary of the Navy Instruction 5000.2A.

The Director, Naval Nuclear Propulsion, will determine implementation of the reference (a) policy for all matters pertaining to Naval Nuclear Propulsion pursuant to Public Law 98-525 (42 USC Section 7158 note), and notify me of those implementation plans.

Nora Slatkin

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DEPARTMENT OF THE NAVY STANDARDS IMPROVEMENT PROGRAM POLICY

The following initial guidelines shall be used by Navy Program Managers and their Program Teams, Program Executive Officers, Direct Reporting Program Managers, Systems Command Commanders, and the Navy Secretariat staff in the execution of the Secretary of Defense policy memorandum of 29 June 1994 regarding specifications and standards reform. The Director, Naval Nuclear Propulsion shall determine implementation procedures of the Secretary of Defense policy for all matters pertaining to Naval Nuclear Propulsion pursuant to Public Law 98-525 (42 USC Section 7158 note).

1. Use of Specifications and Standards.

a. As stated in the Secretary of Defense policy memorandum of 29 June 1994, performance specifications shall be used for the acquisition of all new systems, major modifications, upgrades to current systems, and nondevelopmental and commercial items for programs in any acquisition category. Performance or performance-based specifications are those specifications that define equipment or systems in terms of observable and measurable operational and support characteristics and interfaces that allow the product to effectively and efficiently perform its mission (See Department of Defense Instruction 5000.2, Part 3, Section C7, for the basis of this definition). In cases where a performance specification is not practical, a non-government standard shall be used (nongovernment standards are those which are industry standards developed to fulfill other than a military need). The use of military specifications and standards is authorized as a last resort, with an appropriate waiver (see paragraph 5 for guidance).

b. Military specifications and standards may be used without a waiver for the procurement or support of items that are already in the inventory or for those items whose programs have received approval for production from the cognizant Milestone Decision Authority.

c. If the program has received a waiver to use military specifications or standards, or if a commercial specification or standard is used, it shall appear at the first tier or higher in the contract.

d. Although military specifications and standards will not be imposed by the government (except as provided in paragraphs a. and b. above), contractors may voluntarily choose to use military specifications and standards in the execution of their contract or in establishing requirements to their sub-vendors. Military specifications and standards voluntarily cited by contractors in their proposals, and subsequently incorporated in the contract, do not require a waiver.

e. Specifications and standards listed in Secretary of the Navy Instruction 5000.2A will serve as guidance documents to program managers, but are no longer mandatory, except when required by law.

f. All specifications and standards for which Navy activities have cognizance shall be reviewed to determine their appropriate disposition, e.g., cancellation (obsolete requirements or those having a commercial equivalent); conversion to non-government standards or commercial item descriptions; retention as military-unique; or conversion to military performance specifications.

2. Contracting.

a. All solicitations not yet released for \$100,000 or greater shall include a statement encouraging contractors to submit alternatives to specifications and standards cited in the solicitations. Contractors with existing contracts over \$500,000 and which have substantial effort remaining shall be encouraged to propose alternatives to the specifications and standards cited in the contract. Government contracting officers shall expedite the processing of proposed alternatives to military specifications and standards and are encouraged to use the Value Engineering (permitted by Federal Acquisition Regulation 48.104-3) no-cost settlement method in existing contracts.

b. All new contracts which have an approved waiver to use specifications and standards shall have language in Section C of the contract which identifies that all specifications and standards cited, and first-tier references shall be mandatory for use. Lower tier references shall be used for guidance only. (Specifications in drawings are considered first tier references.)

c. Only those data requirements which are required by law or add value shall be included in a contract. Program managers shall have final responsibility for the data required by the program.

3. Configuration Management. To the extent practical, program managers shall maintain configuration control of functional and performance requirements only, giving contractors responsibility for the detailed design. Configuration requirements shall be prudently tailored to the material item being procured, whether it is developed at government expense or privately developed and offered for government use. Such requirements will be used to control the form, fit, and functional characteristics while minimizing design constraints on the contractor.

4. Contract Oversight. Navy activities are directed to reduce government oversight by proposing alternatives to military-unique quality assurance systems. Contractors shall be encouraged to propose alternatives to those cited in solicitations and existing contracts.

5. Approval Procedures.

a. In general, two types of approvals for the use of military specifications and standards will be authorized: class waivers and program-specific waivers.

(1) Class waivers may be authorized by the Department of Defense for continued use of

particular military specifications and standards. Such determinations will be based on a detailed review of the document by the cognizant service preparing activity and a recommendation that the military-unique requirements justify its retention. In such cases, the waiver will be recorded in an electronic data base together with the justification for its approval. Such waivers will be valid for a period not to exceed two years. Program managers may invoke such documents in their solicitations and contracts without further approval. The Department of the Navy does not, at this time, intend to approve any class waivers beyond those which may be authorized by the Department of Defense.

(2) Program-specific waivers shall only apply to specific procurements and shall be requested as part of the formal acquisition planning process. They may be authorized by the Milestone Decision Authority only in cases where arguments are clear and compelling in the areas of cost, risk, or the non-acceptability of nongovernmental standards. The waiver shall include the document title and number, specific application, and justification for use. Copies of all approved program-specific waivers shall be provided to the Navy Standardization Improvement Executive.

b. All programs subject to formal milestone review shall state compliance with the policy on the use of specifications and standards and performance specifications, and document the use of and justification for any military specifications and standards and non-performance-based specifications in the Acquisition Strategy Report. Approval of the Acquisition Strategy Report constitutes a waiver for the use of those military specifications and standards and non-performance-based specifications for the program. Program managers will address their specifications and standards efforts as part of their milestone review.

c. All programs not subject to formal milestone review shall state compliance with the policy on the use of specifications and standards and performance specifications and document the use of and justification for any military specifications and standards and non-performance-based specifications in the Acquisition Plan or equivalent document. Approval of the Acquisition Plan or equivalent constitutes a waiver for the use of those military specifications and standards and nonperformance-based specifications for this program.

d. When it is not practical to use the Acquisition Strategy Report or the Acquisition Plan to request a waiver, a stand-alone request may be submitted by the program manager to the cognizant Milestone Decision Authority for approval. For procurements with no cognizant Milestone Decision Authority, waivers may be submitted to the cognizant Systems Commander, Program Executive Officer, or Direct Reporting Program Manager for approval.

6. Metrics. Appropriate reporting requirements and performance metrics to measure progress in accomplishing critical tasks contained in the Secretary of Defense's policy will be defined as part of the effort by the Department of the Navy's Acquisition Reform/Standardization Improvement Executive and the Command Standardization Improvement Executives to develop a master plan of action and milestones for the Navy Standards Improvement Program. These will be used to assist in the preparation of annual Navy Standards Improvement Management Reviews for the Deputy Secretary of Defense. In

the interim, Milestone Decision Authorities will collect and catalogue data on military specifications and standards eliminated in their solicitations, as well as those waived.

25 Jul 94

MEMORANDUM FOR THE ASSISTANT SECRETARY OF THE NAVY (RESEARCH,
DEVELOPMENT AND ACQUISITION)

Subj: DRAFT NAVY IMPLEMENTATION POLICY GUIDANCE ON DEPARTMENT OF
DEFENSE SPECIFICATIONS AND STANDARDS REFORM

Ref. (a) ASN(RD&A) memo of 1 Jul 94: Subj: Specifications and Standards -- A New Way
of Doing Business

Encl: (1) Draft policy guidance memorandum

1. We are proceeding expeditiously with executing the intent of Secretary Perry's policy memorandum on specifications and standards, as you instructed by reference (a). To assist us in uniformly meeting policy objectives we have reviewed the tasking contained in Secretary Perry's memorandum and developed the enclosed policy guidance for your consideration.
2. This draft was developed jointly with the Program Executive Officers and Direct Reporting Program Managers to offer crisp and succinct guidance that could be released at your level to provide interim guidance until such time as formal policy guidance is reflected in updates to SECNAV Instruction 5000.2A. It also provides an opportunity for your Standards Improvement Executive (SIE) to commence operations with our Command SIEs in developing a comprehensive Navy Standards Improvement Program.
3. We wholeheartedly support your efforts to immediately implement this change in the way we do business. and stand ready to help you promulgate appropriate guidance.

VADM W. C. BOWES
Commander, Naval Air Systems Command

VADM G. R. STERNER
Commander, Naval Sea Systems Command

RADM W. H. CANTRELL
Commander, Space and Naval Warfare Command

~~MAJGEN C. A. MUTTER~~
Commander, Marine Corps Systems Command

~~RADM R. M. MOORE~~
Commander, Naval Supply Systems Command